

WILLOWS UNIFIED SCHOOL DISTRICT
Office of the Superintendent

Date: January 16, 2014

Request For Placement on Board Agenda:

AGENDA TOPIC: Increase Reserve for Economic Uncertainties

PRESENTER: Debby Beymer, Director of Business Services

Information/Action

Recommend approval for the transfer of \$52,437 into the district reserve for economic uncertainties (DEU) bringing the reserve to \$749,348 (6.25%).

Reasoning/Rationalization

Based upon Board Policy (BP) 3100 adopted on 4/5/12, the school board approved a targeted reserve of 17% for economic uncertainties, we currently hold 5.8% in our reserve. Districts are no longer allowed to maintain Fund 17 for these purposes, *WUSD previously held \$687,669 in Fund 17 to provide additional support during a fiscal crisis.*

According to recent recommendations by the Legislative Analyst's Office, School Services of California and Fiscal Crisis and Management Assistance Team, districts should increase reserves to cover the minimum required by law plus at least 1 year of GAP funding (the amount of funding needed to move schools closer to the 2020-21 targeted per ada allocation, attached hereto as Exhibit A) as provided under the new Local Control Funding Formula.

Facts/Considerations

A) 3% statutory minimum as per the 1 st Interim	\$ 359,687
B) Current amount held in the districts DEU (5.8%)	\$ 696,911
C) 3% + 13/14 Estimated GAP of \$499,486	\$ 859,173
D) 3% + 14/15 Estimated GAP of \$665,448	\$1,025,135
E) 3% + 15/16 Estimated GAP of \$680,341	\$1,040,028
F) 17%	\$2,038,226

By moving \$53,000 into the DEU we would move closer to achieving the scenario recommended by the aforementioned group of school finance experts and closer to the target outlined in BP 3100.

EXHIBIT A

Willows Unified				1/8/14
LOCAL CONTROL FUNDING FORMULA				
Summary of Funding				
		2013-14	2014-15	2015-16
Target	\$	13,387,086	\$ 13,695,245	\$ 13,965,365
Floor		9,146,968	9,659,781	10,325,233
CY Gap Funding		499,486	665,448	680,341
ERT		-	-	-
Total Phase-In Entitlement	\$	9,646,454	\$ 10,325,229	\$ 11,005,574



Components of LCFF Including Excess Taxes & EPA					
Object Code & LCFF SOURCES		2012-13	2013-14	2014-15	2015-16
8011 - State Aid	\$	3,116,627	\$ 5,012,129	\$ 5,690,341	\$ 6,370,686
8012 - EPA		1,686,311	1,412,805	1,412,805	1,412,805
8021 to 8048 - Property Taxes net of in-lieu		3,081,072	3,221,520	3,222,083	3,222,083
8096 - Charter's In-Lieu Taxes		-	-	-	-
8311 & 8590 - Categoricals		1,498,277	-	-	-
Total RL/LCFF Sources	\$	9,382,287	\$ 9,646,454	\$ 10,325,229	\$ 11,005,574